

# Senate Study Bill 3006

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON MCKIBBEN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the phaseout of the sales and use taxes on the  
2 sale and furnishing of gas, electricity, and fuel to  
3 residential customers.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5365XC 80  
6 mg/sh/8

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1 1 Section 1. Section 423.3, as enacted by 2003 Iowa Acts,  
1 2 First Extraordinary Session, chapter 2, section 96, is amended  
1 3 by adding the following new subsection:  
1 4 NEW SUBSECTION. 84. a. Subject to paragraph "b", the  
1 5 sales price from the sale or furnishing of metered gas,  
1 6 electricity, and fuel, including propane and heating oil, to  
1 7 residential customers which is used to provide energy for  
1 8 residential dwellings and units of apartment and condominium  
1 9 complexes used for human occupancy.  
1 10 b. The exemption in this subsection shall be phased in by  
1 11 means of a reduction in the tax rate as follows:  
1 12 (1) If the date of the utility billing or meter reading  
1 13 cycle of the residential customer for the sale or furnishing  
1 14 of metered gas and electricity is on or after January 1, 2004,  
1 15 through December 31, 2004, or if the sale or furnishing of  
1 16 fuel for purposes of residential energy and the delivery of  
1 17 the fuel occurs on or after January 1, 2004, through December  
1 18 31, 2004, the rate of tax is two percent of the sales price.  
1 19 (2) If the date of the utility billing or meter reading  
1 20 cycle of the residential customer for the sale or furnishing  
1 21 of metered gas and electricity is on or after January 1, 2005,  
1 22 through December 31, 2005, or if the sale or furnishing of  
1 23 fuel for purposes of residential energy and the delivery of  
1 24 the fuel occurs on or after January 1, 2005, through December  
1 25 31, 2005, the rate of tax is one percent of the sales price.  
1 26 (3) If the date of the utility billing or meter reading  
1 27 cycle of the residential customer for the sale or furnishing  
1 28 of metered gas and electricity is on or after January 1, 2006,  
1 29 or if the sale, furnishing, or service of fuel for purposes of  
1 30 residential energy and the delivery of the fuel occurs on or  
1 31 after January 1, 2006, the rate of tax is zero percent of the  
1 32 sales price.  
1 33 c. The exemption in this subsection does not apply to  
1 34 local option sales and services tax imposed pursuant to  
1 35 chapters 423B and 423E.

### EXPLANATION

2 1 This bill sets the state sales and use tax rates on gas,  
2 2 electricity, and fuel for residential customers as follows: 2  
2 3 percent for the second half of the 2004 calendar year; 1  
2 4 percent for the 2005 calendar year; and 0 percent, total state  
2 5 exemption, for the 2006 and subsequent calendar years.  
2 6  
2 7 LSB 5365XC 80  
2 8 mg/sh/8